

**AT A REGULAR MEETING OF THE MONTGOMERY COUNTY PUBLIC SERVICE  
AUTHORITY, HELD ON THE 7<sup>TH</sup> DAY OF JUNE 2010, 7:00 P.M., COUNTY  
ADMINISTRATION CONFERENCE ROOM, MONTGOMERY COUNTY GOVERNMENT  
CENTER, CHRISTIANSBURG, VIRGINIA:**

<b>PRESENT:</b>	Gary Creed	-Chair
	James Politis	-Vice Chair
	Mary Biggs	-Secretary-Treasurer
	Annette Perkins	-Member
	John Muffo	-Member
	William Brown	-Member
	Doug Marrs	-Member
	Robert C. Fronk	-PSA Director
	Linda Pendleton	-Secretary to PSA Board
	Craig Meadows	-County Administrator
	Marty McMahon	-County Attorney
	Malvin Wells	-Planning Commission

**CALL TO ORDER**

Chair Creed called the meeting to order and determined that a quorum was present.

**ADDENDUM TO AGENDA**

On a motion by James Politis, seconded by Mary Biggs, and carried; IT WAS RESOLVED, that the Public Service Authority hereby adds the following item to the agenda of this regular meeting of June 7, 2010, under New Business, Item C:

Resolution Authorizing the Public Service Authority to Pick-Up the Employee's Contribution to VRS Under § 414(h) of the Internal Revenue Code for Plan 2 Employees

The vote on the foregoing motion is as follows:

AYE	NAY	ABSENT
John Muffo		
James Politis		
Annette Perkins		
William Brown		
Doug Marrs		
Mary Biggs		
Gary Creed		

**PUBLIC HEARING**

A public hearing was held for proposed schedule fixing and classifying the following rates for water and sewer service:

**WATER RATE**

Proposed 2.5% Increase From: \$6.63 to \$6.80 per 1,000 gallons

## SEWER RATE

Proposed 5% Increase From: \$6.63 to \$6.96 per 1,000 gallons

## FLATE RATE – SEWER ONLY FEE

Proposed 5% Increase From: \$40 per Month to \$42 per Month

There were no comments from the public concerning the proposed rate increases.

## **PUBLIC ADDRESS**

There were no comments from the public.

## **CONSENT AGENDA**

On a motion by Annette Perkins, seconded by William Brown, and carried; IT WAS RESOLVED, that the Public Service Authority hereby approves the Consent Agenda, dated June 7, 2010.

The vote on the foregoing motion is as follows:

AYE	NAY	ABSENT
John Muffo		
James Politis		
Annette Perkins		
William Brown		
Doug Marrs		
Mary Biggs		
Gary Creed		

## **APPROVAL OF MINUTES DATED MAY 3, 2010**

On a motion by Annette Perkins, seconded by William Brown, and carried; IT WAS RESOLVED, that the Public Service Authority hereby approves the minutes dated May 3, 2010.

## **APPROVE PROPOSED RATES, FEES AND CHARGES FOR WATER AND SEWER SERVICE**

### **R10-06-1 RESOLUTION APPROVING PROPOSED RATES, FEES AND CHARGES FOR WATER AND SEWER SERVICE**

On a motion by Mary Biggs, seconded by James Politis, and carried; IT WAS RESOLVED, that the Public Service Authority advertised a public hearing notice for rate adjustments in the *New River Current* section of the *Roanoke Times* on Friday, March 5 and Friday, March 12, 2010; and

WHEREAS, the Authority held a public hearing on June 7, 2010 to receive citizen comments on the adoption of the proposed rate adjustments for all Authority owned water and sewer systems.

NOW, THEREFORE, BE IT RESOLVED, that in accordance with the Code of Virginia, Chapter 51, Virginia Water and Waste Authorities Act, Section 15.2-5136, Rates and Charges; the Public Service Authority hereby approves and adopts the following rate adjustments to become effective June 7, 2010:

**WATER RATE**

Increased from \$6.63 to \$6.80 per 1,000 gallons

**SEWER RATE**

Increased from \$6.63 to \$6.96 per 1,000 gallons

**FLAT RATE – SEWER ONLY FEE**

Increased from \$40 per Month to \$42 per Month

The roll call vote on the above resolution is as follows:

John Muffo	-Yes
James Politis	-Yes
Annette Perkins	-Yes
William Brown	-Yes
Doug Marrs	-Yes
Mary Biggs	-Yes
Gary Creed	-Yes

**APPROVE PSA FY 2010-2011 BUDGET**

**R10-06-2  
RESOLUTION APPROVING  
PSA FY 2010-2011 BUDGET**

On a motion by Annette Perkins, seconded by Mary Biggs, and carried; IT WAS RESOLVED, that the Public Service Authority hereby approves the annual budget for FY 2010-2011, in the total amount of \$3,263,114 – (\$1,745,495 Water & \$1,517,619 Sewer); and, that the Director is hereby authorized to utilize the budget as an official document of the Authority to become effective July 1, 2010.

The vote on the foregoing motion is as follows:

AYE	NAY	ABSENT
John Muffo		
James Politis		
Annette Perkins		
William Brown		
Doug Marrs		
Mary Biggs		
Gary Creed		

**RESOLUTION AUTHORIZING THE MONTGOMERY COUNTY PUBLIC SERVICE  
AUTHORITY TO PICK-UP THE EMPLOYEE'S CONTRIBUTION TO VRS UNDER § 414(h) OF  
THE INTERNAL REVENUE CODE FOR PLAN 2 EMPLOYEES**

**R10-06-3  
RESOLUTION AUTHORIZING THE MONTGOMERY COUNTY  
PUBLIC SERVICE TO PICK-UP THE EMPLOYEE'S  
CONTRIBUTION TO VRS UNDER § 414(h) OF THE INTERNAL  
REVENUE CODE FOR PLAN 2 EMPLOYEES**

On a motion by James Politis, seconded by Doug Marrs, and carried;

**WHEREAS**, the Virginia General Assembly, in its 2010 session passed legislation creating a separate retirement plan for employees hired on or after July 1, 2010 (hereinafter referred to as "Plan 2 Employees"). The legislation stipulates that Plan 2 Employees will pay their 5 percent member contribution and that, absent other action by the employer, such contribution will be paid through salary reduction according to Internal Revenue Code § 414 (h) on a pre-tax basis; and

**WHEREAS**, the legislation allows certain employers, including the MONTGOMERY COUNTY PUBLIC SERVICE AUTHORITY, to pick-up and pay all or a portion of the member contributions on behalf of its Plan 2 Employees as an additional benefit not paid as salary; and

**WHEREAS**, the election to pick-up and pay all or a portion of the member contribution on behalf of its Plan 2 Employees as an additional benefit not paid as salary shall, once made, remain in effect for the applicable fiscal year (July 1 – June 30) and shall continue in effect beyond the end of such fiscal year absent a subsequent resolution changing the way the 5 percent member contribution is paid; and

**WHEREAS**, employee contributions that are picked-up as an additional benefit not paid as salary are not considered wages for purposes of VA Code § 51.1-100 et seq.; and

**WHEREAS**, the MONTGOMERY COUNTY PUBLIC SERVICE AUTHORITY desires to pick-up and pay its Plan 2 Employees' member contribution to VRS as an additional benefit not paid as salary in an amount equal to 5% of creditable compensation; and

**WHEREAS**, VRS tracks such pick-up member contributions and is prepared to treat such contributions as employee contributions for all purposes of VRS.

**NOW, THEREFORE, IT IS HEREBY RESOLVED**, that effective the **first** day of **July, 2010**, the MONTGOMERY COUNTY PUBLIC SERVICE AUTHORITY shall pick-up member contributions of its Plan 2 Employees to VRS as an additional benefit not paid as salary in an amount equal to 5% of creditable compensation subject to the terms and conditions described above; and

**IT IS FURTHER RESOLVED**, that such contributions, although designated as member contributions, are to be made by the MONTGOMERY COUNTY PUBLIC SERVICE AUTHORITY in lieu of member contributions; and

**IT IS FURTHER RESOLVED**, that nothing herein shall be construed so as to permit or extend an option to VRS members to receive the pick-up contribution made by the MONTGOMERY COUNTY PUBLIC SERVICE AUTHORITY directly instead of having them paid to VRS.

Adopted this 7<sup>th</sup> day of June, 2010.

The vote on the foregoing motion is as follows:

AYE	NAY	ABSENT
John Muffo		
James Politis		
Annette Perkins		
William Brown		
Doug Marrs		
Mary Biggs		
Gary Creed		

## **FINANCIAL REPORT**

The financial report for period ending May 31, 2010, was presented for review and discussion.

## **DIRECTOR'S REPORT**

The Director's Report included the following items:

1. Monthly Activities Report  
The May 2010 report was presented for review.
2. Consumer Confidence Report Insert  
Every year the PSA is required by the Virginia Department of Health to mail or supply Consumer Confidence Reports (CCR) to all accounts for the previous calendar year by June 30. This year the PSA plans on including an information sheet with the CCR as it would not increase the mailing cost. A copy of preliminary information sheet was presented for your review and discussion.
3. Virginia Resources Authority Request  
The PSA was recently contacted by Virginia Resources Authority (VRA) relative to reporting requirements for the VRA loan issued for the Midway sewer project in May 1992. Currently the PSA has 3 more biannual payments of \$17,340 to make with the last payment due in November 2011. The Authority has been sending annual audit reports to VRA. VRA is now requesting that we submit a Consulting Engineer's Report (due May 15), Annual Budget (due June 16), Certificate of No Default (due Oct. 30), Certificate of Rate Covenant (due Oct. 30) and Audit Report (due Oct. 30). While these items are identified in the Financing Agreement, as far as we are aware, they have never been requested by VRA or submitted by the PSA (other than the Audit Report). Upon request, the PSA Director has been accepted by VRA as the PSA's Consulting Engineer and will submit the requested documents for this year.
4. Prices Fork Water System Switchover to Backup Water Supply  
The PSA continues to use the backup water supply from the Town of Blacksburg for the Prices Fork Water System. On December 23, 2009, staff switched over to the backup water supply from the Town of Blacksburg as the RAAP was unable to overcome their water system leaks while maintaining adequate supply to the PSA. The Prices Fork water system daily water usage is about 130,000 gallons per day (gpd) or about 6.5 % of the RAAP water treatment facility's permitted capacity of 2,000,000 gpd. On May 14, 2010, RAAP personnel indicated that they have "a team working to identify risks and mitigation strategies with the goal of being able to sell water again to Montgomery County as quickly as possible."
5. Christiansburg Water and Sewer Agreements  
All original water and sewer agreements between the Town of Christiansburg, Montgomery County and PSA expired in January or February 2008. The agreements were extended with the expiration date of January 16, 2011 in order to resolve the Joinder Study with the Blacksburg-Christiansburg-VPI Water Authority.

Preliminary discussions were initiated between the Christiansburg Assistant Town Manager and PSA Director to outline new agreement conditions that would be used as a starting point for further negotiations. The March 2010 draft water and sewer agreement was returned with comments on May 25, 2010. The draft agreement will be revised to address the comments and returned for further discussion.

6. Warm Hearth Sewer Pump Station Replacement Project  
The new pump station has been on-line and properly operating since April 28, 2010. Several items including final site restoration, fence installation and removal of the old pump station components are remaining to complete the project.
7. Meter Reader / Maintenance Worker Position  
Our interview committee selected Travis Arnold for the Meter Reader/Maintenance Worker Position. Mr. Arnold started for the PSA on May 17, 2010.
8. Sewer Operator Resignation  
Mr. David Polan, a sewer operator at the Shawsville Sewage Treatment Facility tendered his resignation and his last day with the PSA was May 28, 2010. Mr. Polan accepted a maintenance position with the Peppers Ferry Regional Wastewater Treatment Authority. Mr. Polan had been with the PSA since December 2008. Staff was able to use the application pool for the Meter Reader/Maintenance Worker Position for interviewing and selection of a maintenance worker to fill the position vacated by Mr. Polan. Our interview committee selected Nelson Price for the Maintenance Worker Position. Mr. Price started for the PSA on June 1, 2010.

#### **AUTHORITY MEMBERS' REPORT**

Member Biggs	-Voiced her disappointment in the way that Montgomery County has been treated during the negotiations concerning the Joinder Study. Water is very important and needed in Montgomery County and it is sad that the County cannot have cooperation from the other participants; especially when the County may have to go outside of Montgomery County in order to obtain water.
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#### **ADJOURNMENT**

There being no further business, the Chair adjourned this meeting. It was the consensus of the members to schedule the next meeting for Tuesday, July 6, 2010.